(iii) NABARD's Statutory Inspection of the RRBs under Section 35 of Banking Regulation Act, 1949 once in two/three years;

(iv) Periodical review at quarterly structured meeting with the Chairmen of RRBs by General Manager of the circle.

Debt burden of States

66. DR. T. SUBBARAMI REDDY:
SHRIMATI AMBIKA SONI:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state :

(a) whether the Centre-State fight is building up on rescheduling of State debts and lowering of interest rates;

(b) if so, whether several States are arguing for relief in view of overall softening of interest rates;

(c) whether the total debt burden of the States on the Centre as on March 31, 2002 is touching Rs. 2,47,030 crore;

(d) if so, whether a number of desperate States have already asked the Centre to provide relief on their Central debt liabilities;

(e) if so, Government's reaction thereto; and

(f) the steps being taken in this regard ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE) : (a) The Centre and States jointly, in the spirit of cooperative federalism, are attempting to address the problems being faced by States on account of their mounting debt burden.

(b) Yes, Sir.

(c) The outstanding loans of State Governments from Ministry of Finance as on 31.3.2002 was Rs. 2,03,471.29 crore.

(d) Yes, Sir.

(e) and (f) The Government is guided by the recommendations of the Eleventh Finance Commission in regard to moratorium and rescheduling of debt

of States, as the Finance Commission was mandated, *interalia*, to review the debt position of States. The recommendations of the Eleventh Finance Commission on devolutions from Centre to States, have captured the debt liability of States which have a bearing on the Commission's recommendations on debt relief. Any selective reopening of debt relief would not be consistent with the EFC scheme. However, when States face constraints of liquidity, the Centre steps-in where feasible, to help States by advancing their entitlements as well as through Ways & Means support.

Prime Lending Rates of Banks

67. SHRI SURESH BHARDWAJ :
SHRI LAJPAT RAI : ,

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state :

(a) the details of Prime Lending Rates of interest fixed by Reserve Bank of India for Commercial and Cooperative Banks for farming sector;

(b) whether the actual rates charged have ever been verified; and

(c) whether it is a fact that much higher rates are practically charged, if so, what remedial steps have been taken ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE) : (a) to (c) The Reserve Bank of India (RBI) has not prescribed separate interest rates for agricultural advances. RBI have deregulated the interest rates on advances above Rs. 2 lakhs with effect from October, 1994. For credit upto Rs. 2 lakhs, banks are to charge interest not exceeding their Prime Lending Rate (PLR). Presently the PLR of five major banks range between 11-12.0 per cent per annum. The typical spread over PLR for most of the commercial banks is at 4 per cent. RBI has reported that interest rates relating to all loans are fully deregulated in respect of Regional Rural Banks and Cooperative Banks. In October, 1996 RBI in its credit policy had observed that the banks were charging lending rates for higher than their PLR on a significant portion of bank credit to borrowers with credit limits over Rs. 2 lakhs and therefore, RBI had decided that banks along with the announcement of their PLR should also announce the maximum spread over the PLR for all advances other than consumer credit. RBI looks into the compliance of the instructions during the inspection of the commercial banks branches. As regards Regional Rural Banks and Cooperative